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Approved For Release 2005/12/14 : CIA-RDP92-00420R000400040008-8

21 AUG 1981

115/
Executive Register
81-9153

MEMORANDUM FOR : Acting Director of Central Intelligence
FROM : James N. Glerum
Director of Personnel
SUBJECT : CIA Employee Performance Appraisal Program -
An Evaluation

1. Action Requested

It is requested that you approve the recommendation contained in paragraph 4.

2. Background

During the latter part of the 1970's, the Agency's performance appraisal system came under growing criticism. Employee rating levels were considered excessively high, the ratings also failed to differentiate adequately among employees, and in general, the program was in disrepute. In the Fall of 1979 a new system was introduced after 18 months of study by an interdirector task force. Its work was later endorsed by a study team from the National Academy of Public Administration. Key features of the new system include:

a. A Performance Appraisal Report (PAR) with a seven point numerical rating scale. It provides space for employees to respond to the rater, if desired.

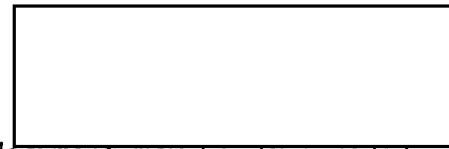
b. An Advance Work Plan (AWP) which outlines goals and work objectives during the rating period. It also provides for establishing performance standards to be used to determine the employees' numerical ratings.

c. An Evaluation of Potential (EOP) which provides information from supervisors to evaluation boards and panels on the employees' readiness to assume greater responsibility within their present fields of assignment.

3. Staff Position

a. In view of the great importance of employee performance appraisal systems and their role in personnel management, a decision was made

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to evaluate the effectiveness of the new system after it had been in operation for a year. Attached for your information is a report which provides this evaluation. The report looks at the subject from many angles and offers considerable information on the current effectiveness of the Agency's performance appraisal program. Unfortunately, the results are not encouraging. The evidence is persuasive that, as presently used, the PAR represents no significant improvement over the previous system. Employee rating levels continue to be viewed as excessively high, and the PAR's utility for facilitating management decisions remains less than fully satisfactory. The usefulness of the EOP in the PAR appears to be nil, and the form itself cumbersome to handle. In general, employees remain highly critical of the Agency's performance appraisal process particularly as it relates to employee comparative evaluations. In essence the new system suffers many of the same problems as the old. Some of these problems are not going to be easy to resolve. The report suggests some actions which will serve to strengthen its use for the time being and enable us to consider remedies to the long-range concerns it poses.

b. Recently, I met with the Personnel Management Advisory Board (PMAB) to discuss the report and the suggestions made to strengthen the system. It was agreed that some changes must be made immediately in order to reduce the annoyance level. It also was agreed that any changes of a major nature should be thought out carefully and first experimented within an office or Career Service prior to Agency-wide implementation. Three suggestions that can be implemented immediately are:

1. Modify the PAR form;
2. Eliminate the EOP form, allowing raters to comment on Potential in the PAR narrative where appropriate;
3. (a) Redesign the AWP form to address the specific duties to be evaluated in the PAR in one section, with an optional section to deal with specific projects, tasks, or objectives where appropriate.

(b) The mandatory requirement for an AWP would remain only for SIS members (for award purposes) and for employees with real or potential performance problems.

(c) Deputy Directors and office heads will be required to determine the usefulness of the AWP in their organizations and to designate specifically where it will be used.

(d) Copies of the AWP would remain in component "soft" files except for SIS members and employees with performance problems whose AWP's would be retained in their Official Personnel Files.

While we are recommending the foregoing changes to the AWP, we must point out that professionals in this field consider an explicit understanding between supervisor and employee of the job to be evaluated and the performance level expected to be a key element of an effective performance appraisal system. Knowing this, the Office of Personnel would continue to monitor the use and effectiveness of an AWP in this semi-voluntary mode.

4. Recommendation

It is recommended that the following three specific suggestions be approved:

a. Modify the PAR form by eliminating the carbons, redesigning the layout, and reducing the size.

Approved (☒) Disapproved (☐)

b. Discontinue the use of the EOP form, allowing raters to comment on Potential in the PAR narrative where appropriate.

Approved (☐) Disapproved (☐)

c. Redesign the AWP form; maintain the mandatory requirement for SIS and employees with real or potential performance problems; require Deputy Directors and office heads to designate areas in their jurisdiction where it will be used; maintain official file copies only for SIS and employees with performance problems.

Approved (☐) Disapproved (☐)

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James N. Gierum

Attachment

Acting Director of Central Intelligence

Distribution:

- Orig. - Return to D/Pers
- 1 - A/DCI
- 1 - ER
- 2 - D/Pers

Action Proposal

ISSUE: The use of the AWP as a part of the PAR package

- (1) FACT: The AWP is the "backbone" of the present PAR, i.e., it provides for performance standards against which rating levels are determined.
- (2) FACT: About 60% of those surveyed believe that the AWP is useful, but more than 53% claim they don't have one, have not participated in preparing one (or did so only to a slight extent).
- (3) FACT: There is strong sentiment in PMAB against requiring the AWP for all employees.

Observations:

- a. The AWP has been generally misconstrued by both supervisors and subordinates as representing another version of the old LOI. The concept of standards was either overlooked, downplayed, or ignored.
- b. The AWP was not effectively implemented and its poor reception is not necessarily a reflection of its value.

Recommendation:

If the AWP is not acceptable for continued use for all agency employees, the integrity of the present PAR is lost and a more complete overhaul of the system is warranted.

PROS AND CONS
OF ADVANCE WORK PLAN

ISSUE: Dropping the AWP for General Agency Use

Advantages

- eliminates a requirement that is difficult to satisfy
- eliminates an extra burden on supervisors in required "paperwork," i.e., saves time and money
- saves training costs since much of the emphasis in performance appraisal training focuses on the AWP
- eliminates a program element that requires OP monitoring to insure component/supervisor compliance
- reduces the amount of material filed in an employee's official file
- may influence fewer performance appraisal grievances or appeals

Disadvantages

- eliminates the tie between performance appraisal rating levels and performance standards
- reduces/eliminates present Agency objectives approach to performance appraisal, i.e., would require a major revision of the present PAR package
- may convey a message to employees that performance standards (and objectives) are not considered important by management, i.e., is being de-emphasized
- would work at cross-purposes with the Government's current interest in the "merit pay" concept for employee compensation
- would likely have a negative effect on employee attitudes toward performance appraisal and management's ability to operate such a program
- would cause increased confusion and concern among employees considering the time and effort given performance appraisal training by OTE
- would change the PAR significantly and transform it into essentially a minor variation of the former Fitness Report
- may influence more performance appraisal grievances and appeals

ADVANCE WORK PLAN

CAUTION: BLANK FORM REQUIRES
SECURE STORAGE IN FIELD.

GENERAL INFORMATION

1. SOG SEC NUMBER

2. NAME (Last, first, middle)

Period Covered
to

A. EMPLOYEE'S JOB STATE BRIEFLY WHERE THE POSITION FITS IN THE STAFFING PATTERN AND, IF APPROPRIATE, THE NUMBER AND TYPE OF EMPLOYEES SUPERVISED BY THIS EMPLOYEE.

A. Key elements of position occupied and rating level 4 performance standard.

B. WORK OBJECTIVES, ~~GOALS AND PRIORITIES~~ ^{projects tasks}—LIST THE SPECIFIC ~~OBJECTIVES AND GOALS~~ ^{OBJECTIVES AND GOALS}, IN ~~PRIORITY ORDER~~ ^{PRIORITY ORDER}, FORMULATED BY THE SUPERVISOR AND THE EMPLOYEE. for the period covered.

PERIOD COVERED

(To be attached to the FAR for this period)

SIGNATURE OF EMPLOYEE (Name typed)

SIGNATURE OF SUPERVISOR (Name typed)

TITLE

DATE

TITLE

DATE

7 July 1981

PERFORMANCE APPRAISAL PROGRAM

ACTION PLAN

Assumption A: The Agency will remain committed to the MBO approach to performance appraisal using a rating scale with explicit performance standards.

Assumption B: The PAR Report recommendations will be approved.

Short Term (1981 through 1983)

Immediate Action:

- ° Simplify PAR format, e.g.,
 - eliminate carbons
 - redesign layout
 - reduce size (cut to two pages with or without pin-fed feature)
- ° Discontinue use of EOP.
 - establish effective date
 - issue appropriate notice
 - consider disposition of those already on record
- ° Press for Agency-wide compliance in establishing performance standards at the full performance level.
 - notify components that AWP's should be retained in employee soft files.
 - determine need to retain AWP's for a specified period.
 - consider disposition of AWP's already posted in Official Personnel Files.

Continuing Action:

- ° Request OTE to increase emphasis and time allotted to PAR skill training.

- ° Consider feasibility of making available and pooling OTE and OP resources to be trained as workshop leaders to facilitate the development of performance standards by supervisors; they could:
 - work as teams directly in the components themselves.
 - assist supervisors in establishing three levels of performance standards, i.e., one on either side of the full performance level.
- ° Monitor PAR rating levels by Career Services quarterly to:
 - determine trends and significant differences within and among Career Services.
 - determine whether rating levels are being affected by the development of performance standards.
- ° Randomly sample Career Service records for employee's AWP's.
 - verify that AWP's are in fact on record.
 - insure compliance in the use of performance standards.
- ° Monitor OPM research and policy developments on performance appraisal.
 - check individual agency systems particularly those cited as showing promise in merit pay application.
 - attend workshops, "showcases," and other programs dealing with performance appraisal.

Long Term (1983 and beyond)

Evaluate the Agency's PAR Program to determine its effectiveness and utility.

Option One (based upon a positive evaluation finding)

- ° Consider "fine-tuning" adjustments.
 - review the design of the package and change as appropriate.
 - "tighten" the relationship of the PAR rating scale to established performance standards.

- ° Determine whether the efficacy of the PAR would support an Agency merit pay program.

Option Two (based upon a negative evaluation finding)

- ° Determine whether the present program can be salvaged, i.e., answer questions such as:
 - How negative are the findings compared with the 1980-81 evaluation?
 - Are work objectives too difficult to identify and measure and relate to performance standards for most jobs?
 - Is the program too time-consuming for supervisors for the results achieved?
 - Would a major overhaul of the present package remedy the problem?
- ° If a major change in program concept as well as design is warranted the following questions should be asked:
 - Would a multiple PAR system be more appropriate for Agency use?
 - What alternative approaches to performance appraisal are there?
 - Would a combined approach work involving employee self-appraisal? (combines MBO participating features with a rating scale - without the need for explicit performance standards)
- ° The design, coordination, and implementation of the program should be the responsibility of OP/P&PS.

"DD/Pers -

PAR Program

Ben - some initial reactions:

1. At minimum, I want this to result in:
 - a. A new format which eliminates the carbons and deals with the need to avoid field retention of CIA peculiar forms.
 - b. A review (and a recommendation as appropriate) of whether or not one "universal" format meets all service needs.
 - c. New definitions for the numerical grades which are designed to create a wider grade spread.
 - d. A recommendation as to whether or not narrative comments must be limited to the space provided.
2. As a general comment, I have become increasingly convinced that any and all format and rating scale changes will have limited effect on the PAR bottom line -- its value to the competitive evaluation process. In the DO we have made a major effort to shift emphasis to narrative comments against carefully tailored precepts. The improvement in DO FR's/PAR's has been dramatic and without exception has drawn favorable comment from the evaluation panels. In other words, education in proper career service use of the PAR (whatever its format) is the most important element in the system.
3. I also am troubled by the impact the study may have on senior management and (if released to them) on the rank and file. Its structure and its tone create an impression more negative than the situation warrants. No system that doesn't result in annual promotions for everyone will even be held in high repute. Within that limitation we should focus on creating an understanding that, despite its limitations, the system can be made to work in the best interests of both the employees and the organization. Again, in other words, I would like to see a more positive approach.

JNG"